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Buffalo Clearing House
Association

Constitution and rules

Buffalo

1896

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CONSTITUTION

AND

RULES

OF THE

Buffalo Clearing House Association

REVISION ADOPTED FEBRUARY 11, 1896.

ORGANIZED 1881.

BUFFALO:
HAKER, JONES & CO., PRINTERS AND BINDERS
1896

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AND
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MEMBERS.

1896.

1. BUFFALO COMMERCIAL BANK.
2. MARINE BANK.
3. AMERICAN EXCHANGE BANK.
4. MANUFACTURERS & TRADERS BANK.
5. FARMERS & MECHANICS BANK.
6. THIRD NATIONAL BANK.
7. GERMAN BANK.
8. BANK OF BUFFALO.
10. MERCHANTS BANK.
11. BUFFALO LOAN, TRUST & SAFE DEPOSIT CO.
12. GERMAN AMERICAN BANK.
13. PEOPLES BANK.
14. ELLICOTT SQUARE BANK.
15. CITIZENS BANK.
16. NIAGARA BANK.
17. METROPOLITAN BANK.
18. COLUMBIA NATIONAL BANK.
19. UNION BANK.
20. THE CITY BANK.

CONSTITUTION.

NAME AND OBJECT.

SECTION 1. The name of this Association *Name.* shall be "The Buffalo Clearing House Association."

SECTION 2. The objects of this Association *Object.* shall be the effecting at one place and at one time, of the daily exchanges between the several Associated Banks, and the payment at the same place of the balances resulting from such exchanges. But the Association shall be in no wise responsible in regard to such exchanges, nor in regard to the balances resulting therefrom, except so far as such balances shall be actually paid into the hands of the Manager. The responsibility of the Association is strictly limited to the faithful distribution by the Manager, among the creditor banks for the time being, of the sums actually received by him, and should any

loss occur whilst the said balances are in the custody of the Manager, they shall be borne and paid by the Associated Banks in the same proportion as the other expenses of the Clearing House, as hereinafter provided for.

MEMBERS.

Original
Members.

SECTION 3. The Association shall consist as at present of the following members :

BUFFALO COMMERCIAL BANK,	BUFFALO LOAN, T. & S. D. Co.,
MARINE BANK,	GERMAN AMERICAN BANK,
AMERICAN EXCHANGE BANK,	PEOPLES BANK,
MANUFACTURERS & TRADERS B'K,	ELLCOTT SQUARE BANK,
FARMERS & MECHANICS BANK,	CITIZENS BANK,
THIRD NATIONAL BANK,	NIAGARA BANK,
GERMAN BANK,	METROPOLITAN BANK,
BANK OF BUFFALO,	COLUMBIA NATIONAL BANK,
BANK OF COMMERCE,	UNION BANK,
MERCHANTS BANK,	THE CITY BANK.

New
Members.

SECTION 4. New members may be admitted into the Association on the recommendation of the Clearing House Committee, to whom application for membership shall be referred, either by the written assent, or the vote by ballot of three-fourths of all the members of the Association, at a meeting called for the purpose; such

new member shall pay an admission fee of one-tenth of one per cent. of its capital and shall assent to this constitution in the same manner as the original members.

SECTION 5. Each member of the Association shall be represented at all meetings thereof by one or more of its officers, and shall be entitled to one vote. How represented.

SECTION 6. Any member against whom no charge is pending, and whose due portion of all expenses is paid, may, upon application to the Clearing House Committee, withdraw from this Association; but such member shall not be relieved from any obligations of this constitution until the resignation applied for has been accepted by a vote of a majority of the members of the Association. Resignation

SECTION 7. For cause deemed sufficient by the Associated Banks, at any meeting thereof, any Bank, after one day's notice of a hearing before the Association, may be expelled from the Association and debarred from all the privileges of the Clearing House, provided three-fourths of Expulsion.

the whole number of Associated Banks vote in favor thereof.

Suspension
and
Examina-
tion.

SECTION 8. The Clearing House Committee, acting in concurrence with the Arbitration Committee, shall have power to cause an examination to be made of any bank member of the Association, and, in case of extreme emergency, shall have power to suspend any bank from the privileges of the Clearing House until the pleasure of the Association thereupon shall be ascertained. But no such examination or suspension shall take place unless a majority at least of each of the two Committees shall be present at the ordering thereof, nor unless the vote be unanimous. In case of such suspension the Clearing House Committee shall forthwith call a general meeting of the Association to take the matter into consideration. Should a representative of the Bank under consideration be a member of either of the aforesaid committees, such representative shall be disqualified from acting, and his place shall be filled as provided by section 15 of this Constitution.

Clearing for
non-mem-
bers.

SECTION 9. No member of this Association shall be allowed to make the exchanges or set-

tlements at the Clearing House for any other local Bank or Trust Company not members of this Association without first giving notice to the Clearing House Committee over the signature of one of its officers to that effect, obtaining the consent of said committee and paying to the Association for such privilege the sum of \$50 annually, and thereafter such member shall be liable for and in regard to all such exchanges and settlements in all respects as if made in its own business and as its own transactions until notice to the contrary shall have been given to the Clearing House Committee, which notice shall not take effect until the exchanges of the day on which such notice is received shall have been completed.

MEETINGS.

SECTION 10. The annual meeting of the Association shall be held on the second Wednesday in January each year, at four o'clock P. M., at the Clearing House. At every annual meeting of the Association a President, Vice-President, Secretary and Treasurer, a Clearing House Committee consisting of five bank officers, and an

Annual
Meeting and
Election of
Officers.

Arbitration Committee consisting of three bank officers of the Association, shall be elected by ballot (a majority of a quorum shall determine the result), who shall hold their respective offices for the ensuing year, and until their successors shall be elected.

Special
Meetings.

SECTION 11. Special meetings shall be called by the President, or in his absence by the Vice-President, or by the Clearing House Committee, whenever they may deem it expedient, or whenever they shall be requested so to do by any three of the members of the Association, and all meetings shall be called by sending a written or printed notice thereof to each Bank member of the Association

Quorum

SECTION 12. At all meetings of the Association a quorum for the transaction of business shall consist of a majority of its members.

Fines for
non-attend-
ance.

SECTION 13. Any member not represented at roll call at each duly called meeting of the Association without reasonable excuse, shall be fined two dollars (§2).

DUTIES OF OFFICERS.

SECTION 14. It shall be the duty of the President to preside at all regular and special meetings.

Powers and
duties of
Officers and
Committees.

It shall be the duty of the Vice-President to preside at such meetings in the absence of the President.

It shall be the duty of the Secretary to keep the records and minutes of the Association, to serve notices of all meetings, and to perform such other duties as would naturally devolve on his office.

It shall be the duty of the Treasurer to keep the funds of the Association, and hold the same subject to the direction of the Association.

It shall be the duty of the Clearing House Committee to procure, from time to time, a suitable room or rooms for the Clearing House; to provide proper books, stationery, fuel, and whatever else may be necessary for the convenient transaction of business thereat; to draw on each Bank for its quota of expenses; to appoint a Manager annually, and such clerks as may be necessary, and they shall have power to remove the Manager or any of the clerks whenever, in

Clearing
House
Committee.

the opinion of the Committee, the interest of the Association shall require; to establish rules and regulations to be observed at the Clearing House in cases not provided for in its constitution, subject to the approval of the Association, and generally to supervise the Clearing House affairs.

Arbitration
Committee.

It shall be the duty of the Arbitration Committee to hear and determine all disputes that may be submitted to them by both parties thereto, any member of the Association being one. Such Committee shall record a brief abstract of each case referred to them, together with their decision therein, in a book to be provided for that purpose, which book shall be kept at the Clearing House, open to the inspection of all members of the Association. The first committee shall be appointed immediately upon the adoption of this amendment, and shall serve until the next annual meeting. Should either of the parties in dispute be represented on this Committee, such representative shall be disqualified from acting, and his place filled as provided in section 15.

Vacancies.

SECTION 15. If any vacancy occurs in any of the offices of the Association, it shall be filled at

the first meeting of the Association held thereafter. If any vacancies occur in any of the Committees of the Association, the remaining members of the Committee shall have power to fill the same.

SECTION 16. The Manager, under control of the Clearing House Committee, shall have immediate charge of all business at the Clearing House so far as relates to the manner in which it shall be transacted, and the clerks of the establishment, as well as the settling clerks and messengers of the several associated members while at the Clearing House, shall be under his direction.

SECTION 17. The salary of the Manager shall always be fixed by the Association. The Manager shall give a bond, with sureties, in the sum of twenty thousand dollars, to be approved by the Clearing House Committee.

CLEARING HOUSE OPERATIONS.

SECTION 18. The expenses of the Clearing House, for the year, not including the expense

of printing for the several Banks (which last mentioned expense shall be apportioned equally), shall be borne and paid as follows: Each Bank shall be assessed \$100, and the balance necessary after that amount, *pro rata*, according to the average amount which they shall have sent to the Clearing House for the preceding year.

Hour for
exchanges.

SECTION 19. The hour for making exchanges at the Clearing House shall be 1.15 o'clock P. M. precisely, except on Saturdays. Immediately upon receipt of debit Certificates from the Manager, and before the hour of 2.30 P. M., debtor Banks shall pay to the Manager, at the Clearing House, the balance against them, either in U. S. Treasury certificates, or else in U. S. legal tender notes, National Bank notes, or gold and silver certificates or gold coin. At 2.30 P. M., or as soon thereafter as the amounts can be made up and proved, the creditor Banks shall receive from the Manager, at the same place, the respective balances due them, provided all the balances due from the debtor Banks shall have been paid. On Saturdays the hour for making exchanges at the Clearing House shall be 10.15 A. M., and for settling debit balances, 11.15 A. M.

SECTION 20. All checks received from the Clearing House are received in trust, and shall be so held, and shall remain the property of the members who presented the same at the Clearing House until balances of the day are settled. In case of failure on the part of any member of the Association to respond promptly to the debit certificates of the Manager, the latter shall thereupon call upon the defaulting member, and demand and receive from such member, without mutilation or cancellation, all the checks received by such member at the Clearing House on that day. Upon receiving said checks, the Manager shall, without delay, return them to the several members from whom the defaulting member had received them at that day's clearings. Said several members will then redeem said checks in full, in cash, less returned items reported as not good or mis-sent, and out of the funds thus received by the Manager, he will at once pay the Clearing House debit certificate to which said defaulting member had failed to respond. The balance of said fund remaining in the Manager's hands he will then hand to said defaulting member, or his legal representative, together with the returned items reported as not good or

SECTION 21. Errors in the exchanges, and claims arising from the return of checks, or from other cause, are to be adjusted directly between the Banks who are parties to them, and not through the Clearing House, the Association being in no way responsible in respect to them.

SECTION 22. Gold coin or currency other than certificates, sent to the Clearing House, must be put up in bags or packages of \$5,000, \$1,000 or \$500 each sealed in wax, signed by the teller and marked with name or number of Bank and date of sending.

All checks, drafts, notes or other items in the exchanges, returned as "not good" or mis-sent, shall be returned the same day directly to the Bank from whom they were received before 3.30 P. M., and on Saturdays before 11.30 A. M., and the said Bank shall immediately refund to the Bank returning the same the amount which it had received through the Clearing House for the said checks, drafts, notes or other items so returned to it, in cash. Checks returned for endorsement shall be certified before returning them if they are good; if they are not good, that fact shall also be stated when returning them.

In case of the refusal or inability of any Bank to promptly refund to the Bank presenting such checks, drafts or other items, returned as not good, the Bank holding them may report to the Manager the amount of same. And it shall

be the Manager's duty, with the approval of the Clearing House Committee, to take from the settling sheet of both Banks the amount of such checks, drafts or other items so reported, and to re-adjust the Clearing House statement and declare the correct balance in conformity with the change so made, provided that such report shall be given on the same day to the Manager before 2.15 P. M., and on Saturday before 11.15 A. M.

Guarantee
of en-
dorsement.

SECTION 23. The written or stamped endorsement of any Bank, such as it customarily uses for receipting checks sent to the Clearing House, shall be sufficient guarantee to any other bank for all previous endorsements, without any special endorsement for guarantee. This rule, however, shall not supply the place of a missing endorsement.

Certification
of checks.

SECTION 24. All checks certified as good shall be so certified, *only* by the President, Vice-President, Cashier, or Assistant Cashier, which shall be a sufficient acknowledgment of the liability of the Bank from which it is issued.

SECTION 25. This Association shall receive on deposit, in special trust, such United States gold coin as any of the Banks, members of the Association, may choose to send to it for safe keeping for Clearing House purposes; which coin shall be kept in the safe or safes to be rented by the Association in the safe deposit vaults of the Loan, Trust and Safe Deposit Co., and of the Marine Bank, subject to the control and access jointly of the members of the Clearing House Committee, or a majority of them, and in case of a vacancy or the absence of any member of the Committee, temporary substitutes shall be appointed by the President of the Association, or in his absence by the Vice-President, or in the absence of the President and Vice-President, by the Secretary, or in the absence of the President, Vice-President and Secretary, by the Treasurer, to act during the absence or disability of such members.

Gold Cer-
tificates.
Depositing
Coin with
Clearing
House
Committee.

Certificates in exchange for such coin shall be issued to the depositing bank in denominations of \$5,000.00, and shall be signed by the members of the Clearing House Committee. Such certificates shall be negotiated only among Banks members of the Association, and shall be received

by them in payment of balances at the Clearing House. The coin thus placed in special deposit is to be the absolute property of such of the Banks as shall from time to time be the holders of the Certificates, and is to be held by the Clearing House Committee subject to withdrawal on presentation at the Clearing House of the properly endorsed Certificates at any time during banking hours.

Whenever such presentation is made it shall be the duty of the Manager to notify all the members of the Association, and they shall then have the privilege of redeeming such certificates, either in legal tender or New York exchange, as the Bank making the presentation may elect.

Weekly
statement.

SECTION 26. Every Bank member of the Clearing House Association shall furnish the Manager a weekly statement of its condition, signed by an officer of the Bank, on uniform blanks provided by the Association, on Saturday morning, not for publication, but to be filed at the Clearing House for the private use of each member, showing the average amount of

- 1st. Loans and discounts.
- 2d. Deposits.

- 3d. Due from Banks.
- 4th. Checks for next day's exchanges.
- 5th. Clearing House Gold Certificates.
- 6th. All other currency.
- 7th. Rediscounts.

SECTION 27. This constitution, when agreed to by the Association at any meeting thereof by a three-fourths vote, shall be submitted to the respective Boards of Directors of the several banks herein named as members of the Association, for their adoption. When adopted by three-fourths of the whole number of Banks, it shall be deemed and taken to be in full force and operation. Adoption shall be signified by the signature of the proper officer of the Bank to a copy thereof, to be filed with the Secretary of the Association. A copy of the vote or resolution of the Board authorizing such signature shall be deposited with the Secretary.

Adoption of
Constitution

Such Banks as shall not adopt this constitution within two months of the time it is agreed to in the meeting of the Association, as above mentioned, shall, at the expiration of such two months, cease to be members of the Association, provided the constitution shall then be in operation.

Amend-
ments.

SECTION 28. Amendments to this constitution may be made at any meeting of the Association by the vote of three-fourths of all the members thereof; notice of the proposed amendments having been given at a previous meeting, and a copy thereof sent by mail to each member.

By-laws, rules and regulations for the government of the Clearing House that may be adopted by the Association by a three-fourths vote of the members thereof, shall have the same binding obligation and effect as this Constitution, and may from time to time be changed in the manner provided by this section for amendment to this Constitution.

CLEARING HOUSE FINES.

1. Disorderly conduct of clerk or messenger at the Clearing House, or disregard of the Manager's instructions, each offense, \$2.00.

2. All errors in the settling clerk's figures, whether of entry or footing, or any other error, \$1.00.

3. For any error not corrected within thirty minutes after exchanges are made, i. e., 1.45 P. M. (Saturdays 10.45 A. M.), \$2.00.

4. Failure of any member to be properly represented punctually at the Clearing House at the hour of exchanges, 1.15 P. M. (Saturdays 10.15 A. M.), for the first five minutes, or any part thereof, \$1.00.

If more than five minutes late, \$2.00.

5. Debtor banks failing to pay their balances before 2.30 P. M. (Saturdays 11.15 A. M.), \$3.00.

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TITLE